SECTOR IMPACTS OF LAND BORDER CROSSING CLOSURES

ISSUE: Protests have closed a key border crossing, the Ambassador Bridge in Windsor, and there are delays at other border crossings (e.g. Blue Water Bridge near Sarnia).

Below is a table that outlines the impact the border closure/delays have had on key sectors in Ontario's economy. [Automotive - Latest updates highlighted in yellow].

The Sensitivity column provides an indication on whether the information can be used publicly.

SECTOR	IMPACTS	Sensitivity	Comments
Cross-Sector of Manufacturers and Exporters	• Canadian Manufacturers and Exporters (CME) are very concerned, given the production shutdowns in Ontario and in the U.S., caused by the Ontario supply chain not being able to get its products across the border. • Various stakeholder groups (e.g. CIAC, CSPA and Global Automakers of Canada) joined the Canadian Chamber of Commerce's statement calling for an end to the Ambassador Bridge blockade, due to the significant impact on already-strained supply chains and economic recovery from the pandemic. • Manufacturers seeing spikes in prices for cross-border transport. Companies are having to pay truckers more to deal with the situation, and some truckers are doing only in-Canada routes to avoid the issues with cross-border transport. Rerouting traffic to other border crossings is not easy – it involves additional cost, travel time and administration (border paperwork). • SMEs are experiencing increased difficulties as most available trucks have been taken by large manufacturers. Other Considerations • CME's concern is that Ontario's manufacturing sector is continually having to justify its existence as part of an integrated North American supply chain, and regular supply chain disruptions send a strong counter-message.		
Auto Sector	• [redacted]: o February 10th: The afternoon shift at the [redacted] was impacted. o February 11th: [redacted] has stated that all of its Ontario plants are running and that wait times are	• Re-routing information from [redacted]	

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	negligible at the Blue Water Bridge and in Buffalo, although the first shift at the [redacted] plant was shortened. The company has also established routes via the Detroit-Windsor Truck Ferry. [redacted] reported that due to the extended routes and wait times, many drivers have maxed out their hours. Moreover, a production line at the [redacted] plant is under threat and [redacted] has difficulty transporting parts and engines from the facility to the U.S. • [redacted]: ○ February 9th: The [redacted] and the [redacted] were shut down for part of the day. ○ February 10th: The [redacted] was shut down due to parts shortages. ○ February 11th: The facilities are currently operating on half-shifts. [redacted] is looking at alternate routings via Buffalo, NY (adding 6-8 hours in travel time). The company has indicated that incremental premium freight costs would occur as a result of drivers running out of hours to work and that expensive air freight would be used to move engines out of the [redacted] • [redacted]: ○ February 9th: The [redacted] was briefly closed. ○ February 11th: The company has reduced its shifts at its plants. [redacted] is working with carriers to get parts into the plants to mitigate further disruptions. • [redacted]: As of February 11th [redacted] Ontario plant operations are suspended until at least the end of this week. The company does not expect a change until the border situation is resolved. Toyota has reported that 78% of its parts came from across the Ambassador Bridge. • [redacted]: ○ February 9th: The [redacted] plant was shut down in the evening. ○ February 10th: Production was limited. ○ February 11th: Honda cancelled the first shift at [redacted] but the company has enough parts in Canada to run the second shift. It is not clear at this point whether and how production can proceed next week; [redacted] has indicated that it will keep MEDJCT closely informed. • [redacted]: As of February 11th: Shifts at [redacted] plants have been reduced, multiple facilities are at risk of shutdown, and the closure of customer assembly plants has a ricochet effect on [redacted] as well. The company has shifted some of its shipments to alternative border crossings and has increased its use of expensive expedited shipments but emphasized that this situation	[redacted] confidential.	

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	was not sustainable. Like [redacted], [redacted] indicated that there was a lack of trucking companies willing to book freight and that the ones that were willing had doubled their rates. • [redacted]: As of February 11th: The company stated on Wednesday that it was within hours of halting some of its production lines, including at three plants near London. Ontario-bound trucks have been rerouted to the Blue Water Bridge, adding three hours to their routes. • **Automotive Parts Manufacturers' Association (APMA)**: As of February 10th: the APMA, which represents Ontario's automotive parts suppliers, brought a Motion for an injunction as representative Plaintiff to restrain named and unnamed Defendants from establishing a blockade, or in any way impeding access, to the Ambassador Bridge. The City of Windsor sought and was granted leave to intervene in support of the Motion. The Canadian Vehicle Manufacturers Association (CVMA), which represents the Detroit Three automakers (GM, Ford and Stellantis) has submitted an affidavit.		
Steel	Overall • The **Canadian Steel Producers Association (CSPA)** indicates members are being impacted by the border closure, having to triage shipments and reroute shipments, which adds time and additional costs. In some cases, shipments have been missed entirely. • Situation will on only get worse as the closure persists. • Production curtailments are on the horizon if the issue is not addressed. Company-Level Impacts • [redacted] – Automotive is a key sector for the company and there is concern with regard to delivering steel to customers in the automotive supply chain (e.g. OEM's, auto stampers) in a timely manner as these customers carry very little inventory and Just-in-Time (JIT) delivery is critical to their operation. • [redacted] - A key concern is loss of customer confidence and long-term retention as multiple US customers have threatened to withdraw their business. [redacted] has been unable to ship product by truck to the U.S. since February 7. In response to slower customer uptake, the company has been slowing its steel output and indicates it will have to idle its steelmaking facilities within a week.	• CSPA – Confidential • [redacted] Company Confidential • [redacted] Company Confidential	• CSPA also made a public statement on Twitter on Feb 9, 2022 in the link below – • CSPA Twitter link • [redacted] indicated they have already reached out to the Premier's Office and will reach out to the Minister's Office soon.
Chemistry	Overall • Companies are starting to be impacted, due to lack of truck availability (e.g. empty trucks stuck in	• Company names are to be treated	

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	Michigan) and delays in shipments crossing the border. • Distributors are already experiencing delays and facing significant increases in costs (3x the rate increase on transport costs). • Overall impact on the sector will only get worse as the border issue continues. <u>Company-Level Impacts</u> • [redacted] - has shipments that are travelling by truck that cannot get to key customers because of the crossing being blocked, and those customers are just days away from having to stop their own manufacturing operations if they cannot receive the appropriate inputs from [redacted] • [redacted] - definitely affecting their operations with trucks not arriving to pick up orders or able to ship to our customers in the U.S. • [redacted] - Empty trucks stuck in U.S. reducing ability to reload and supply customers. • [redacted] – Rail shipments had already been impacted by winter weather, and impacts on truck traffic is making the issue worse.	as confidential	
Aerospace	• According to the Aerospace Industries Association of Canada (AIAC), some aerospace companies are concerned that goods crossing the Canada-US border will likely come with a cost premium in the future, which may force companies to seek alternative transportation modes or processes (e.g. air transportation). • Some companies are expecting delays of 1 to 3 days on cross-border shipments, and some outright cancellations of shipped goods and manufacturing inputs.	• Impacts were shared as a courtesy from the federal government – not recommended these impacts be shared publicly at this time	